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GENERAL

1. Yugoslavia wants defense commitment in friendship treaty with Greece and Turkey:

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[Redacted]

Yugoslav Deputy Minister of Foreign Affairs Ales Bebler told the American Embassy on 12 February that an article on defense would be included in the treaty of friendship to be negotiated with the Greeks and Turks in the near future. He commented that no mere "declarative" treaty was contemplated.

Comment: Bebler had told the Embassy on 7 February that the contemplated treaty would refer only in general terms to the need for collaboration, and would not be a formal military alliance. Greece and Turkey have taken a similar position.

Bebler's 12 February statement implies that the Yugoslavs will now push for a more definite mutual defense commitment, probably against Greek and Turkish opposition.

NEAR EAST - AFRICA

2. Israel is transit point for China-bound antibiotics:

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[Redacted]

A Foreign Ministry official has acknowledged that Israel is a transit point for antibiotics bound for Hong Kong and possibly the Soviet bloc. He stated that these operations, known to responsible Israeli officials for only the past two weeks, have been going on since last July.

The official requested specific suggestions on how to provide a legal basis for halting these operations.

Comment: Antibiotics do not come under Battle Act controls. Normally, therefore, such shipments could be halted by Israel only in compliance with conditions laid down by the countries in which the shipments originated.

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3. Israel deducts forced loan from Arab refugee accounts:

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The Israel Government has deducted ten percent of the blocked Arab refugee accounts for a compulsory loan for the state, the United States UN Delegation has learned from the UN Relief and Works Agency. The chairman of the Palestine Conciliation Commission is expected to call an early meeting to consider the matter.

Comment: This deduction was apparently made in June as part of a ten percent forced loan on all bank accounts of 50 pounds or more.

In December, Israel announced that blocked Arab accounts would be released in installments, the first of which would be to the amount of 1,000,000 Israeli pounds. Its spokesmen, however, were disappointed by the unenthusiastic Arab reaction to what they considered a "unilateral gesture of good will." Knowledge of this forced loan is likely to generate a bitter reaction on the part of the Arabs.

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EASTERN EUROPE

5. Polish Government threatens retaliation on question of diplomatic immunity:

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The Polish Government has threatened to take "an appropriate stand" if Polish employees of its embassy in Washington should receive discriminatory treatment. The

Foreign Minister rejected a proposal that incidents involving non-diplomatic American Embassy personnel in Poland be resolved on the basis of withdrawal of the individual concerned.

Comment: A recent modification of the Polish penal code in effect withdraws diplomatic immunity from foreign employees of diplomatic missions in Warsaw who are not on the diplomatic list. The United States had warned on 24 January that an interpretation of this measure which endangered US personnel would make it necessary to reconsider the treatment to be accorded non-diplomatic Polish employees of the Polish Embassy in Washington.

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